

MEMORANDUM

TO: Bristol County Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 14, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The breakout exhibit at the end of the report shows the appropriation figures on both this basis and the normal July 1/January 1 basis. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

As we discussed in our memorandum dated December 10, 2012, we still have concerns about the salary increase assumption. This valuation uses a salary increase assumption of 3.0% (the same as the prior valuation). We expect that over the long term this assumption will need to be increased (or the investment return assumption decreased) which will increase plan liabilities. Page 3 of the valuation report notes there was a loss of \$1.9 million due to salary increases. In other words, the pay for continuing members increased by more than 3% per year over the 2 year period.

We note that the Board reduced the amortization period of the unfunded liability from FY30 to FY29. Although we would have preferred that the valuation use a higher salary increase assumption, the FY29 date is aggressive in light of the 2008 market loss (which has now been fully recognized). If the valuation were run using PERAC's standard assumptions, the actuarial liability and normal cost would be greater. However, by extending the amortization schedule beyond FY29, a schedule comparable to the schedule adopted by the Board could be determined. The salary increase assumption should be carefully reviewed as part of the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



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Appropriation Forecast

Fiscal			Employer	Amortization	Employer	Employer	
Year		Employee	Normal Cost	Payments	Total Cost	Total Cost	Funded
Ending	Payroll*	Contribution	with Interest	with Interest	with Interest	% of Payroll	Ratio %**
2015	\$141,877,055	\$12,263,065	\$5,653,047	\$26,042,680	\$31,695,727	22.3	61.4
2016	\$147,552,137	\$12,863,163	\$5,765,295	\$27,990,654	\$33,755,949	22.9	63.7
2017	\$153,454,223	\$13,491,648	\$5,877,477	\$30,072,609	\$35,950,086	23.4	66.0
2018	\$159,592,392	\$14,149,831	\$5,989,410	\$32,297,432	\$38,286,842	24.0	68.3
2019	\$165,976,087	\$14,839,082	\$6,100,894	\$34,674,592	\$40,775,486	24.6	70.7
2020	\$172,615,131	\$15,560,833	\$6,211,713	\$36,540,320	\$42,752,033	24.8	73.1
2021	\$179,519,736	\$16,316,581	\$6,321,636	\$38,163,532	\$44,485,168	24.8	75.5
2022	\$186,700,525	\$17,107,892	\$6,430,414	\$39,859,789	\$46,290,203	24.8	78.0
2023	\$194,168,546	\$17,936,402	\$6,537,780	\$41,163,432	\$47,701,212	24.6	80.6
2024	\$201,935,288	\$18,803,820	\$6,643,447	\$41,934,954	\$48,578,401	24.1	83.2
2025	\$210,012,700	\$19,711,933	\$6,747,106	\$43,822,027	\$50,569,133	24.1	85.8
2026	\$218,413,208	\$20,662,608	\$6,848,429	\$45,794,018	\$52,642,447	24.1	88.5
2027	\$227,149,736	\$21,657,799	\$6,947,062	\$47,854,749	\$54,801,811	24.1	91.3
2028	\$236,235,726	\$22,699,545	\$7,042,628	\$50,008,213	\$57,050,841	24.1	94.1
2029	\$245,685,155	\$23,789,978	\$7,134,724	\$52,258,582	\$59,393,306	24.2	97.0
2030	\$255,512,561	\$24,931,326	\$7,222,920	\$0	\$7,222,920	2.8	100.0
2031	\$265,733,063	\$26,125,919	\$7,306,756	\$0	\$7,306,756	2.7	100.0
2032	\$276,362,386	\$27,376,188	\$7,385,742	\$0	\$7,385,742	2.7	100.0
2033	\$287,416,881	\$28,684,678	\$7,459,356	\$0	\$7,459,356	2.6	100.0
2034	\$298,913,556	\$30,054,045	\$7,527,042	\$0	\$7,527,042	2.5	100.0
2035	\$310,870,099	\$31,487,065	\$7,588,208	\$0	\$7,588,208	2.4	100.0
2036	\$323,304,903	\$32,986,641	\$7,642,224	\$0	\$7,642,224	2.4	100.0
2037	\$336,237,099	\$34,555,804	\$7,688,420	\$0	\$7,688,420	2.3	100.0
2038	\$349,686,583	\$36,197,721	\$7,726,084	\$0	\$7,726,084	2.2	100.0
2039	\$363,674,046	\$37,915,702	\$7,754,460	\$0	\$7,754,460	2.1	100.0
2040	\$378,221,008	\$39,713,206	\$7,772,745	\$0	\$7,772,745	2.1	100.0
2041	\$393,349,848	\$41,301,734	\$8,083,654	\$0	\$8,083,654	2.1	100.0
2042	\$409,083,842	\$42,953,803	\$8,407,001	\$0	\$8,407,001	2.1	100.0
2043	\$425,447,196	\$44,671,956	\$8,743,281	\$0	\$8,743,281	2.1	100.0
2044	\$442,465,084	\$46,458,834	\$9,093,012	\$0	\$9,093,012	2.1	100.0
2045	\$460,163,687	\$48,317,187	\$9,456,732	\$0	\$9,456,732	2.1	100.0
2046	\$478,570,234	\$50,249,875	\$9,835,002	\$0	\$9,835,002	2.1	100.0

* Calendar basis

** Beginning of Fiscal Year